

What CPAs Can Learn from Client Satisfaction Superstars

By Jean Marie Caragher

The facts are in: Retention of current clients is a top 3 issue for CPA firms of every size, according to the 2011 PCPS CPA Firm Top Issues Commentary, an indication of how the economy is affecting business practices for accountants. Thirty-six percent of business clients reported they are likely to switch CPA firms in the next year, according to the 2010 *CCH Accounting Firm Client Survey*.

It is clear that client retention can affect a firm's bottom line. The March–April 2005 *MARKETING MANAGEMENT* article, "Growing Up," cites that customer loyalty drives revenue growth up to 20 percent; and for many large companies, up to 95 percent of profits come from long-term customers. Author Harry Mills's book, *THE RAINMAKER'S TOOLKIT*, states that a 5-percent improvement in client retention can improve profits by 25 percent to 85 percent.

Although it is exciting to win new business, according to the article referenced above, adding a new customer costs three to seven times more than keeping an existing one.

Despite this evidence, the majority of CPA firms do not have a formal client satisfaction program. Yet, we would have to search far and wide to find the CPA firm that did not claim it delivered superior, excellent, fill in the blank, client service.

Net Promoter Score

Net Promoter® was developed by Satmetrix, Bain & Company, and Fred Reichheld and was popularized through Reichheld's book, *THE ULTIMATE QUESTION*. The Net Promoter Score (NPS®), is based on the essential perspective that every company's customers can be divided into three categories: Promoters, Passives, and Detractors. By asking one simple question (*i.e.*, How likely is it that you would recommend [Company X] to a friend or colleague?), you can track these groups and get a clear measure of your company's performance through its custom-

ers' eyes. Customers respond on a 0–to–10 scale and are categorized as follows:

- Promoters (scores 9–10): Loyal enthusiasts who will keep buying and refer others, fueling growth.
- Passives (scores 7–8): Satisfied but unenthusiastic customers who are vulnerable to competitive offerings.
- Detractors (scores 0–6): Unhappy customers who can damage your brand and impede growth through negative word-of-mouth.

The NPS is the percentage of customers who are Promoters less the percentage who are Detractors. Marriott, USAA, and Trader Joe's are NPS leaders in their respective categories. What can CPAs learn from them? Read on to find out.

Marriott International

Marriott manages more than 3,700 properties worldwide under 18 brands. In 2012, Marriott earned a NPS of 56 percent and is the highest ranked company in the travel and hospitality category. In addition, the company ranked eighth in the 2012 MSN Money Customer Service Hall of Fame, a survey of 150 companies' customer service conducted by Zogby International. Of respondents who said they had an interaction with Marriott's service, 36 percent said it was "excellent."

Ask executives for the company secret to excellent customer service, and you will often hear this: "We try to treat our employees well." Marriott was founded on this principle. "Our founder said, 'If you take care of your employees, they will take care of your customers, and (customers) will return again and again,'" spokeswoman Stephanie Hampton said. "It's a folksy philosophy, but it works."

This principle is diligently put into practice for each of Marriott International's 18 brands. From hiring to evaluations, workers are rewarded for courtesy. Then,

they are given the trust and authority to extend company courtesies to customers on the spot.

Marriott is a pioneer in customer-service innovations, including Express Checkout. It was the first hotel to offer remote-controlled televisions, a work desk for the business traveler, high-speed Internet in every room, and a guest recognition program.

In the 1980s, after being opened for 15 years, the downtown Chicago Marriott determined that two-thirds of all guest calls to housekeeping were to request ironing boards. The hotel manager used the funds earmarked to replace black-and-white televisions with color televisions in the bathrooms of concierge-level guest rooms to place irons and ironing boards in all the hotel's guest rooms. You see, no guests had ever requested color televisions, although many requested ironing boards. This is an excellent example of listening to the customer.

Marriott is also routinely named one of the best places to work—for female executives, for hourly workers, for Hispanics, and, in general, for all associates. It is also perennially on the list of FORTUNE's "Top 100 Best Companies to Work for."

According to Marriott's website, "We believe our strength is rooted in our core values: putting people first, pursuing excellence, embracing change, acting with integrity, and serving our world. These values are our legacy and our future. As we pursue our vision of making Marriott the No. 1 hospitality company in the world, we never lose sight of our founding principles and our proud heritage. Our business is always evolving ... but we'll always stay true to who we are."

What can CPAs learn from Marriott? Consider the following questions:

- Are you listening to your clients?
- Do you have client service expectations for your people? How are they trained to meet these expectations? How are they evaluated and rewarded?
- How can you change or improve the way you do business to meet changing client needs?
- Does your firm have core values—those essential and enduring beliefs of your firm—that are non-negotiable and lived by all of your people?

USAA

USAA offers a full range of insurance, banking, investment, and retirement products to millions of members who are members of the military and their families. In 2012, USAA led the banking sector again with an NPS of 83 percent, the highest NPS recorded across all brands and industry sectors. It also domi-

nated both the auto insurance sector at 74 percent and the homeowners insurance sector at 71 percent.

"Everything we do begins and ends with our mission to facilitate the financial security of our members," said Wayne Peacock, executive vice president of member experience at USAA, in a company news release. "Customer service at USAA is about helping military families by understanding, anticipating, and innovating to help meet their financial security needs, delivering an exceptional experience, and building loyalty over a lifetime."

How does USAA deliver its exceptional client experience? USAA's call representatives spend up to six months in training before manning the phones. Those calls are evaluated not on call times, but on empathy and the ability of the representative to meet members' needs. In fact, you will see c-suite executives sitting next to entry-level employees during the company's weeklong new employee orientation. The goal isn't just to talk about how to serve with empathy; it's to help each employee feel what it is like to be in the military or a family member of the military. Those attending orientation eat MREs (Meals Ready to Eat), wear Kevlar vests and flak helmets, and are handed an actual deployment letter to get them thinking about the financial decisions their members face at such an emotional time. In addition, many USAA employees are veterans or have a spouse in the military. What a fabulous way to ensure empathy for their customers!

What can CPAs learn from USAA? Consider these questions:

- Do your employees understand the challenges your clients face? Are they out in the field, touring their offices and facilities to learn more about their businesses?
- Does your firm's training program include sessions on communication, questioning, listening, responsiveness, and understanding? In other words, how to show empathy?
- Are your people knowledgeable about your firm's services in order to provide your clients with specific solutions?

Trader Joe's

Trader Joe's, a specialty grocer with 395 stores in 31 states, earned an NPS of 73 percent in 2012. Trader Joe's demonstrates customer service by delivering unique products at reasonable prices. Their website message is: "Value is a concept we take very seriously. And by value, we mean great everyday prices on all of our great prod-

ucts—no sales, no gimmicks, no clubs to join, no special cards to swipe... It's not complicated. We just focus on what matters: great food plus great prices equal value.”

Trader Joe's generates sales around \$1,300 per square foot, double the supermarket industry average. While a typical grocery store may carry 50,000 items, Trader Joe's stocks about 4,000 items. About 80 percent of Trader Joe's goods are private label. In fact, “If an item doesn't pull its weight in our stores, it goes away to gangway for something else.” This is a great example of niching—doing what you do best and being more profitable doing so.

What the stores lack in square footage they make up for in good-natured clerks. “Unlike mainstream supermarkets, these are a very engaging group of people,” said Len Lewis, the author of *THE TRADER JOE'S ADVENTURE*. “They hire them specifically for that.”

Trader Joe's ranked second in the 2010 MSN Money Customer Service Hall of Fame. Of respondents who said they had an interaction with Trader Joe's service, 47.3 percent said it was “excellent.”

What can CPAs learn from Trader Joe's? Consider the following:

- How do you provide value to your client?
- Are you known for niche specialties? Do you know your most profitable service lines and industry specialties?
- Do you hire people based on how they will fit into your client service culture?

If your CPA firm claims to deliver superior client service, then you must invest the time and energy to measure it. Your investment will pay off with loyal clients, happy employees, and higher profits. Marriott, USAA, and Trader Joe's are now reaping the benefits of this investment. They all share important traits for success.

Common Traits among Customer Service Hall of Fame Winners

MSN Money identified the following key traits of their Customer Service Hall of Fame winners over the past six years:

- *Good service starts at the top.* Companies with great service have chief executives who make it their mission. They are not afraid to spend money, hire experts, and structure the corporation around the goal of sterling service.
- *Service is seen as a continual challenge.* Companies with outstanding customer service are more eager to talk about their continuing efforts than to accept praise for a job well done.
- *Companies where people want to work.* Companies that excel at customer service are often also known for providing relatively good pay and benefits. They trust their employees to make decisions and then routinely stand behind those decisions.

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